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- (71) Applicant(s)
JOHN GEORGE TAUBENSCHLAG
- (72) Inventor(s)
JOHN GEORGE TAUBENSCHLAG
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- (57) Claim

1. A **Financial Service** in the form of a wholesale financing program (WFP) coordinated by a service provider which is a process using a processing device for the financing of wholesale trading through a given ordering of internationally known and accepted financial instruments which eliminates the financial risk associated with wholesale trading on the traditional credit basis while concurrently creating an alternative means by which unsecured working capital can be locally raised at a low cost, without risk, while maintaining control over equity, by means of Irrevocable Purchase Orders from Retailers, whom upon being offered the option to apply for a Credit Account to pay for the purchased inventories, proceed to furnish and to submit a Credit Application, which states permission for a Bank nominated by the WFP Service Provider to check the applicant's credit worthiness, and that upon the WFP service provider's Banker being satisfied that the Retailer is worthy to be granted credit, it offers to the Retailer an **Insured Unsecured Irrevocable Assignable Bank Guarantee** for the amount of the ordered stock from the wholesaler, a financial instrument which is payable to the wholesaler on presentation, but which is to be withheld by the Bank at the request of the wholesaler, as a collateral security for the issuing of the **Letters of Credit** if so required by the wholesaler to purchase the ordered stock from either local or overseas suppliers, stock which is then freighted fully insured, is processed at the wholesaler's warehouse and subsequently delivered and invoiced to the Retailer, whom upon payment of its account to the wholesaler may choose to have the bank guarantee cancelled and returned to the issuing Bank or to maintain it operative to support further purchases, unless it occurs, in case of the retailer defaulting payment of the wholesaler's invoice within the agreed time period, that the wholesaler may exercise its option to cash the bank guarantee, in which case the Bank will then claim the paid amount to the wholesaler from the WFP service provider's nominated Insurer, which results in the Bank being fully reimbursed, a situation in which, after paying the Bank, the Insurer reserves its right of recovery from the Retailer, and to report the defaulting retailer to the credit record bureau or mercantile agency.

AUSTRALIA
Patents Act 1990

COMPLETE SPECIFICATION
PETTY PATENT

**WHOLESALE FINANCING PROGRAM
(WFP)**

The following statement is a full description of this invention, including the best method of performing it known to me:

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Wholesale Financing Program (WFP)

This invention relates to a process using a processing device for the financing of wholesale trading. Through a given ordering of internationally known and accepted financial instruments, the financial risks associated with wholesale trading on traditional unsecured credit basis can be eliminated, while concurrently, creating an alternative means by which unsecured working capital can be locally raised at a low cost, without risk, while maintaining control over equity.

The Concept

In order to eliminate the financial risks associated with wholesale trading on unsecured credit basis, I have devised an approach to wholesale finance by means of a Wholesale Financing Program (WFP), as an alternative to trading on a cash on delivery basis, with the obvious limitations it offers. The Program facilitates:

- a) The sale of the wholesaler's products by means of extending to its retail clientele a credit facility of a non-traditional nature, by effectively providing the retailer an unsecured floating credit for an agreed amount, allowing the retailer not only to have extended time for payment beyond the agreed terms if so required and agreed, but also to re-order required stock at any time without credit red tape, to attend to its client's demands and business opportunities, while at the same time providing to the wholesaler 100% security of payment for its sold stock, and,
- b) The means for the wholesaler to make available to its bankers the required security for Letters of Credit to be issued by those bankers, which the wholesaler needs to purchase the ordered stock by the retailers, from its domestic and international manufacturing suppliers.

Mechanics of the Program

The Wholesaler obtains an **Irrevocable Purchase Order** from a retail client. The Retailer, whom is offered the option to apply for a **Credit Account** proceeds to furnish and to submit a **Credit Application**, which includes permission for a **Bank nominated by the WFP Service Provider** to check the applicant's credit worthiness. Upon the WFP service provider's Banker being satisfied that the Retailer is worthy to be granted credit, it offers to the Retailer an **Insured Unsecured Irrevocable Assignable Bank Guarantee** for the amount of the ordered stock from the wholesaler. This financial instrument is **payable to the Wholesaler on presentation**, but is to be **withheld by the Bank** at the request of the wholesaler, **as a collateral security** for the issuing of the **Letters of Credit** if so required by the wholesaler to **purchase the ordered stock** from either **local or overseas Suppliers**. The stock is **freighted fully insured**, is processed at the wholesaler's warehouse and subsequently **delivered and invoiced** to the Retailer. Upon the **Retailer's payment** of its account to the wholesaler, the retailer may choose to have the **Bank Guarantee cancelled** and returned to the issuing Bank or to **maintain it operative** to support further purchases. In case of the **Retailer defaulting payment** of the wholesaler's invoice within the agreed time period, the wholesaler may exercise its

option to cash the **Bank Guarantee**. The **Bank** will then claim the paid amount to the wholesaler from the **WFP Service Provider's nominated Insurer**, which results in the **Bank** being fully reimbursed. After paying the Bank the **Insurer reserves its right of recovery from the Retailer**, and to report the defaulting retailer to a credit record bureau or mercantile agency.



ABSTRACT

A financial service in the form of a Wholesale Financing Program (WFP) coordinated by a Service Provider which is a process using a processing device for the financing of wholesale trading through a given ordering of internationally known and accepted financial instruments which eliminates the financial risk associated with wholesale trading on traditional unsecured credit basis while concurrently creating an alternative means by which unsecured working capital can be locally raised at a low cost, without risk, while maintaining control over equity.

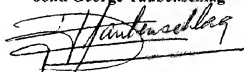
Upon the Wholesaler (1) obtaining from the Retailer an irrevocable purchase order, the Wholesaler (2) offers to the Retailer the option to apply for a credit account to pay for the ordered inventories. The Retailer (3) furnishes and submits to the WFP Service Provider a credit application, authorising (4) the WFP Service Provider and (4A) the nominated WFP banker to check its credit worthiness and to issue on its behalf an insured unsecured irrevocable, assignable guarantee in favour of the Wholesaler. Once the nominated bank is satisfied that the Retailer's credit is in order, it approves the application and sends it (5) via the WFP Service Provider (6) to the WFP Service Provider's Insurer, seeking the issue of the insurance cover for the bank guarantee. Upon approval being granted, the insurer (7) issues the policy in favour of the bank and (8) reports the event to the WFP Service Provider. The bank issues the insured unsecured irrevocable assignable bank guarantee on behalf of the Retailer, in favour of the Wholesaler and (9) informs the WFP Service Provider, whom in turn (10) informs the Wholesaler that the sale of inventories transaction to the Retailer is fully guaranteed by effect of an insured, unsecured, irrevocable, assignable bank guarantee. The Wholesaler then may exercise its option to raise unsecured working capital by requesting the bank (11) via the WFP Service Provider, to withhold the insured unsecured irrevocable assignable bank guarantee(s) as security for an advance by means of a letter of credit issued in favour of the Inventories Supplier (12) via the Supplier's banker, in order to procure the inventories purchased by the Retailer. The Supplier's bank informs the Supplier (13) that upon delivery of the ordered stock by the Wholesaler, payment of the L/C will be made effective. (14) The Supplier delivers the inventories to the Wholesaler, (15) who then delivers and invoices the Retailer. (16) The Retailer pays the Wholesaler as agreed. (17) The Wholesaler pays to the bank the advance made to it by means of the L/C. (18) The Retailer having chosen not to cancel the bank guarantee but to keep it floating, issues a new irrevocable purchase order and a new identical trading cycle repeats the one described in Fig #1 by steps (1) to (17).

Alternatively to (16) above, if the Retailer defaults payment of its obligation to the Wholesaler, then (19) the Wholesaler exercises its option to cash the irrevocable bank guarantee, pays to the bank the outstanding debt represented by moneys advanced by means of the L/C if any, and keeps the balance. (20) The bank claims on the insurance policy covering the insured unsecured irrevocable assignable bank guarantee. The service provider's insurer (21) assigns to the Wholesaler the duty of (22) judicial recovery from the Retailer, and instructs the WFP Service Provider (23) to report to a mercantile agency the default incurred by the Retailer. Upon recovering from the retailer, (24) the wholesaler reimburses the WFP service provider's insurer.

The claim defining the invention is as follows:

1. A **Financial Service** in the form of a **wholesale financing program (WFP)** coordinated by a service provider which is a process using a processing device for the financing of wholesale trading through a given ordering of internationally known and accepted financial instruments which eliminates the financial risk associated with wholesale trading on the traditional credit basis while concurrently creating an alternative means by which unsecured working capital can be locally raised at a low cost, without risk, while maintaining control over equity, by means of Irrevocable Purchase Orders from Retailers, whom upon being offered the option to apply for a Credit Account to pay for the purchased inventories, proceed to furnish and to submit a Credit Application, which states permission for a Bank nominated by the WFP Service Provider to check the applicant's credit worthiness, and that upon the WFP service provider's Banker being satisfied that the Retailer is worthy to be granted credit, it offers to the Retailer an **Insured Unsecured Irrevocable Assignable Bank Guarantee** for the amount of the ordered stock from the wholesaler, a financial instrument which is payable to the wholesaler on presentation, but which is to be withheld by the Bank at the request of the wholesaler, as a collateral security for the issuing of the **Letters of Credit** if so required by the wholesaler to purchase the ordered stock from either local or overseas suppliers, stock which is then freighted fully insured, is processed at the wholesaler's warehouse and subsequently delivered and invoiced to the Retailer, whom upon payment of its account to the wholesaler may choose to have the bank guarantee cancelled and returned to the issuing Bank or to maintain it operative to support further purchases, unless it occurs, in case of the retailer defaulting payment of the wholesaler's invoice within the agreed time period, that the wholesaler may exercise its option to cash the bank guarantee, in which case the Bank will then claim the paid amount to the wholesaler from the WFP service provider's nominated Insurer, which results in the Bank being fully reimbursed, a situation in which, after paying the Bank, the Insurer reserves its right of recovery from the Retailer, and to report the defaulting retailer to the credit record bureau or mercantile agency.

John George Taubenschlag



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